

# Entrepreneurship Can Be Lonely and Psychologically Perilous

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The World Health Organization has recognized the importance of mental health in achieving overall health and well-being, asserting that there is no health without mental health. This is particularly relevant for entrepreneurs, whose mental health can profoundly influence their decision-making, creativity, and overall business acumen. This has an impact on their business success, and ultimately on local, regional, and national economic health.

Yet this mental well-being can be elusive, since the life of an entrepreneur includes many stressors that range from financial uncertainties to the relentless pressure of competition. A study published in the Harvard Business Review suggested that entrepreneurs are 30% more likely to experience depression than their non-entrepreneurial counterparts. The American Journal of Psychiatry reported that entrepreneurs face unique stressors that can lead to mental health conditions. The volatility of the entrepreneurial experience can lead to what psychologists call "emotional whiplash" - a state in which rapid shifts between success and failure cause significant psychological strain.

It's clear that the capacity to navigate this spectrum of stress is not only integral to entrepreneurs' mental health but also to the viability of their ventures. Addressing their unique stressors proactively and head-on is critical. It will require self-awareness and determination from the entrepreneurs themselves, with help from mental health professionals and coaches. It will also require support from other organizations in their ecosystem: incubators, accelerators, venture capital firms, universities and others.

We identified measures that can help entrepreneurs navigate the stresses and turbulence of their chosen path, and worked with a group of 77 early-stage entrepreneurs to test our concepts and ideas for improving psychological well-being and resilience. The entrepreneurs were spread across several states, with most of them coming from Oklahoma or Arkansas. A striking 70% of participants reported a reduction in self-reported stress levels. Furthermore, 53% of the

founders said they had more confidence in their decision-making, while 52% reported an improvement in the quality of their decisions. Most notably, 80% of respondents reported a decrease in the levels of depression and anxiety during the program. These results underscore the substantial impact of cognitive-behavioral coaching, especially when it includes a focus on individual personality, in empowering entrepreneurs to manage their mental health and make better, more confident business decisions.

Below are three steps that entrepreneurs can take, followed by a discussion of how other organizations can and should help.

## Step 1: Cultivating Self-Awareness through Psychological Assessment

The first step toward fortifying an entrepreneur's psychological resilience is cultivating self-awareness. This process begins with entrepreneurs developing a keen understanding of their emotional patterns, cognitive styles, and behavioral tendencies. Self-awareness serves as a critical baseline, allowing entrepreneurs to make decisions that account for their psychological predispositions and potential reactions to stress. This heightened self-knowledge is a key asset in navigating the complexities and challenges of entrepreneurial ventures.

For business owners, self-awareness transcends personal insight; it becomes an integral part of strategic decision-making. Entrepreneurs with a deep awareness of their own psychological configuration are better positioned to engage in business practices that align with their strengths and mitigate their weaknesses. This internal clarity can be especially valuable in high-pressure situations where rapid intuitive and emotional decisions are necessary. Self-aware leaders are more likely to approach such scenarios with composure and strategic foresight.

External psychological assessments are pivotal in the development of an entrepreneur's self-awareness. Such



assessments provide objective and structured insights into an individual's psychological landscape. By evaluating various aspects of personality, behavior, and cognition, these assessments deliver comprehensive profiles that illuminate an individual's strengths and areas of vulnerability. The feedback obtained from these assessments can then be used to tailor entrepreneurial strategies, enhancing both personal well-being and business efficacy.

The insights garnered from psychological assessments can help entrepreneurs develop operational strategies that are aligned with their personal attributes. This alignment can enhance productivity and stress management, ensuring that entrepreneurs lead with their strengths and create business environments conducive to their success. By understanding their stress behaviors and situational triggers, entrepreneurs can also anticipate and navigate challenges more effectively.

Take Mary, for example. She's the founder of a startup. Mary decided to dive into a comprehensive psychological assessment to get a better handle on her stress and decision-making quirks. What she found was eye-opening: during high-stress times, she tended to play it too safe and miss out on big opportunities. With this new insight, Mary teamed up with a coach and started working on managing her stress better. She picked up techniques like mindfulness and learned to delegate tasks more effectively. Before long, Mary was spotting the early signs of stress and tackling them head-on. This shift made her more decisive and quicker on her feet, grabbing opportunities that she might have missed before. Not only did this make Mary feel better, but her company also started to thrive in a whole new way.

## Step 2: Implementing Change through Action-Oriented Strategies

Once entrepreneurs have achieved a level of self-awareness, the next step is to translate this awareness into behavioral change. It's important to recognize that while personality traits tend to be stable over time, behaviors can be changed if the motivation is there. Action-oriented strategies in this context are not about altering who entrepreneurs are at their core but rather about modifying how they respond to the pressures and demands of their work. Resilience training, for instance, involves a variety of techniques designed to help

entrepreneurs manage stress, develop habits that support sustained effort, and recover from setbacks. This training typically includes mindfulness exercises to increase present-moment awareness, cognitive-behavioral strategies to reframe negative thoughts, and physical activities to boost overall well-being. Importantly, resilience training goes beyond just managing stress; it also equips entrepreneurs with the skills to overcome adversity when negative events occur. By practicing these techniques regularly, entrepreneurs can build a robust toolkit to handle the highs and lows of their journey more effectively.

Decision-making is a critical skill for any entrepreneur. Implementing strategies that foster clear-headedness and reduce cognitive biases can lead to better business outcomes. This can involve exercises in critical thinking, exposure to diverse perspectives, and training in statistical and probabilistic reasoning. By regularly engaging in such practices, entrepreneurs can refine their ability to make informed and strategic business decisions, even under pressure.

Entrepreneurs can utilize actionable strategies for managing stress, which can often be a daily experience. Techniques such as mindfulness meditation, physical activity, socializing, structured time management, and delegating tasks can have a significant positive impact. These practical approaches not only help manage stress but also improve overall productivity and satisfaction with one's work-life balance. Learning to navigate stress with grace can lead to a more fulfilling and sustainable entrepreneurial journey.

Behavioral change is most effective when it becomes habitual. Entrepreneurs can benefit from understanding how habits are formed to create lasting changes in their behavior. By setting clear goals, tracking progress, and creating reward systems, entrepreneurs can transform beneficial actions into regular habits. Over time, these new habits can lead to improved resilience and a healthier approach to the rigors of entrepreneurship.

As entrepreneurs incorporate these action-oriented strategies into their daily routines, the cumulative effect can lead to significant improvements in entrepreneurial outcomes. Better stress management can result in more consistent work patterns, while improved decision-making can lead to increased business opportunities and growth. In addition, people like happy people, which means effective stress management can improve an

entrepreneur's relationships, both professional and personal. By focusing on behavioral change rather than attempting to alter personality traits, entrepreneurs can create a more adaptable and responsive approach to the ever-changing demands of their business ventures.

### **Step 3: Achieving Self-Actualization through Ongoing Psychological Development**

Self-actualization represents the apex of the entrepreneurial psychological journey. Achieving this state means that entrepreneurs not only manage the stresses of their roles but also align their business practices with their personal values and psychological needs. This alignment leads to thriving in the entrepreneurial ecosystem, characterized by a profound sense of personal fulfillment and sustained business success.

Attaining self-actualization necessitates an unwavering commitment to personal and professional growth. While it's important for entrepreneurs to engage in self-evaluation and seek feedback from peers and mentors, these activities can be streamlined to fit into a busy schedule. Instead of trying to keep up with all the latest findings in entrepreneurial psychology, entrepreneurs can focus on practical, time-efficient strategies. For instance, integrating short, reflective practices into daily routines, such as journaling for five minutes or having regular, focused check-ins with a mentor, can be highly effective. It's especially helpful if the mentor is well-versed in recent developments in entrepreneurial psychology, as they can provide relevant insights without requiring the entrepreneur to keep up with all the latest research. Participating in periodic workshops or online courses that enhance leadership skills, emotional intelligence, and cognitive flexibility can also be beneficial. Psychological health, like physical health, requires ongoing attention, but maintaining it can be manageable with small, consistent efforts. These habits, similar to maintaining a balanced diet or regular exercise, can help entrepreneurs sustain a strong, resilient psyche without overwhelming their already demanding schedules.

Entrepreneurial ventures are seldom solo endeavors. The synergy of a well-composed team can be the defining factor between mediocrity and greatness. The quest for self-actualization—realizing one's fullest potential—is not just an individual pursuit but one that

flourishes within the collective strength of a cohesive team. Entrepreneurs, in their journey towards self-actualization, must therefore be astute architects of their teams. By deliberately assembling a group that reflects a spectrum of psychological profiles, they can create a powerhouse where each member's unique strengths shine and individual weaknesses are buffered by the strengths of others. This strategic composition of a team not only enhances problem-solving and creativity but also serves as a mirror for the entrepreneur, reflecting a multitude of perspectives that catalyze personal and professional growth.

Having diverse psychological profiles within a team not only enhances problem-solving and innovation but also cultivates a culture of resilience and adaptability—key ingredients for a successful venture. This diversity requires a high degree of emotional intelligence (EQ), the ability to understand and manage one's own emotions, as well as interpret and respond to the emotions of others. As entrepreneurs work towards self-actualization, fostering EQ becomes crucial in building a supportive and synergistic team environment. A leader's EQ acts as a conduit for connecting with team members, thus facilitating communication, motivation, and the ability to navigate the complex emotional landscape of a team where differences are not merely accepted, but genuinely celebrated. By enhancing their EQ, entrepreneurs can create an atmosphere that not only acknowledges each team member's individuality but also aligns it with the collective vision, driving the venture towards remarkable achievements.

### **The Power of Cognitive Behavioral Therapy**

Cognitive-behavioral approaches have long stood at the forefront of psychological intervention methods because they're effective in changing detrimental thought patterns and behaviors. At the core of these techniques lies the goal to identify negative or false beliefs and reframe them into more positive and productive thinking. When coupled with personality-based coaching, these approaches become even more powerful. Such coaching takes into account the nuances of an individual's personality, allowing for a highly personalized and therefore impactful therapeutic experience. The importance of tailoring these methods to an individual's personality traits cannot be overstated; it significantly enhances the overall efficacy of the intervention by aligning strategies with personal

behavioral tendencies.

Research has proven the effectiveness of Cognitive Behavioral Therapy (CBT) within broader psychological practice. A comprehensive review of meta-analyses, encompassing 269 studies and utilizing 106 meta-analyses for review, shows that CBT is effective in treating a range of psychological challenges. Among these challenges are those that entrepreneurs frequently encounter: anxiety disorders, a fixation on aches and pains, anger control problems, and general stress.

The review underscores CBT's status as a reliable first-line approach for anxiety disorders, a class of conditions that entrepreneurs are at risk of due to the uncertainties and pressures inherent in starting and running a business. The findings suggest significant positive effects of CBT not only on primary symptoms but also on secondary ones such as sleep dysfunction and anxiety sensitivity, which are crucial for maintaining an entrepreneur's overall well-being. Furthermore, in high-stress settings—highly relevant for entrepreneurial endeavors—CBT has been shown to outperform other intervention types, particularly when focusing on psychosocial outcomes.

## How to Get Started With CBT

Here are three accessible ways for entrepreneurs to get started with CBT:

**Self-Help Books and Online Resources:** There are many books and online programs that offer guided CBT exercises. These resources can introduce you to basic CBT techniques and help you apply them to your daily life.

**Workshops and Webinars:** Some organizations offer workshops or webinars on CBT techniques. These can be a great way to learn from experts and get hands-on experience.

**Professional Coaching:** If you prefer a more personalized approach, consider working with a coach who is trained in CBT. They can provide tailored guidance and support.

## The Critical Roles of Accelerators, VCs and Others

Despite the recognized importance of psychological well-being in entrepreneurship, there is a notable lack of

comprehensive support systems tailored specifically to entrepreneurs' needs. While entrepreneurs demonstrate a high level of self-awareness concerning their business skills, they often neglect their mental health until it deteriorates to a point where it adversely affects their business, family, and personal life. Therefore, it is imperative to establish support systems that integrate psychological well-being with professional development. Such systems would not only assist entrepreneurs in coping with stress but also in preventing the potential onset of mental health disorders caused by their unique environment, ensuring a more stable foundation for both personal and business growth.

This means that accelerators, incubators, and venture capital firms must recognize and embrace their role in promoting mental wellness among founders. These entities are uniquely positioned to provide resources and support that extend beyond mere financial investment and business mentorship. By incorporating psychological support into their services, they can significantly enhance the resilience and well-being of entrepreneurs, ultimately underpinning the longevity and success of the ventures they back.

Additionally, entrepreneurship courses and academic programs should integrate this holistic approach into their curricula. By teaching aspiring entrepreneurs the importance of psychological resilience and giving them tools to cultivate it, these programs can better prepare individuals for the psychological demands of entrepreneurial life. As the entrepreneurial ecosystem becomes increasingly aware of the profound impact of mental health on business success, fostering an environment where psychological support is readily available will become a cornerstone of entrepreneurial development.

In doing so, these institutions not only contribute to the health and sustainability of individual entrepreneurs but also to the broader economic and innovative vigor of the business landscape. Entrepreneurs supported in their entirety can thus transform their solitary pursuit into a collective triumph, redefining the essence of entrepreneurial success.

## Conclusion

Traversing the path of entrepreneurship extends beyond the boundaries of business acumen and enters the realm of personal development, demanding a holistic approach that intertwines psychological resilience with

professional acuity. The implementation of a structured three-step process—encouraging self-awareness, behavioral change, and self-actualization—enables entrepreneurs to effectively navigate the intense peaks and valleys characteristic of their journey. This not only secures personal well-being and fosters professional growth but also lays the foundation for a robust and dynamic business environment.